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Since the 1990s, China has increasingly integrated into a globalized economy by attracting a large amount of foreign direct investment (FDI). But from the mid-2000s, the government began to vigorously support the development of indigenous innovation such that some Chinese firms, such as Huawei and ZTE, have emerged as global technology leaders. However, even within the same industry and among localities at similar levels of development and FDI dependence in China, domestic upgrading has not been equally successful. In *Manipulating Globalization*, Ling Chen argues that such variation in the implementation of upgrading policies and policy effectiveness is attributed to the coalitions formed at the local level between Chinese bureaucrats and foreign businesses. She finds that cities that initially focused on attracting large-scale, high-end multinational companies (MNCs) are less able to effectively implement policies for upgrading domestic firms than those that started with smaller foreign investors at a lower position of the value chain. By unpacking the interests and strategies of city-level bureaucrats, the book provides novel insights into China's local political economy in the context of contemporary globalization.

To assess China's industrial policies promoting domestic upgrading, Chen impressively uses original data collected from in-depth fieldwork as well as national statistics and firm surveys. She shows that unlike earlier developmental states in East Asia (e.g. Japan) that limited the entrance of foreign capital, foreign investment was intertwined with local politics in China to generate heterogenous outcomes regarding the technology upgrading of domestic firms across localities. The book starts with a detailed analysis of the paradigm shift in China's development strategies from FDI attraction in the 1990s (Chapter 2) to indigenous innovation in the mid-2000s (Chapter 3). Based on her fieldwork, Chen identifies two typical models of investment-seeking Chinese municipalities: those favoring large top-ranked MNCs in the Yangtze River

Delta like Suzhou and those favoring small-scale foreign firms in the Pearl River Delta represented by Shenzhen.

The book then provides outstanding mixed-method research showing that early choices made by city-level bureaucrats on the types of foreign investors determined the degree of local governments' support for domestic upgrading (Chapter 4) and the effectiveness of upgrading policies in terms of driving domestic firms' technology upgrading and innovation (Chapter 5). On the divergence in local governments' support, Chen argues that the combination of high overlap between foreign firms and exporters and high concentration of foreign firms in a city is likely to generate a cohesive and strong vested interest group led by international commerce departments to prevent domestic upgrading. At the firm level, she finds that, in cities that attracted large-scale, top-ranked MNCs, domestic firms often stay in the lower segment of the production chain, and consequently are less likely to engage in upgrading and to respond to government support for technology innovation. Furthermore, Chapter 6 explores the deep roots of local bureaucrats' preferences through the lens of varieties of local capitalism. Differentiating between the top-down capitalism in Jiangsu driven by political purposes and the bottom-up capitalism in Guangdong driven by practical economic gains, Chen argues that local norms and institutions have, since the late 19th century, conditioned and reinforced bureaucrats' choices of business allies and development strategies, which have in turn shaped divergent paths of industrial upgrading over the last two decades.

The book makes a very compelling argument about the influence of local bureaucrats on the implementation of state-led industrial policies and their effectiveness. It thus joins many previous studies to uncover fragmented authoritarianism, but also sheds new light on the interaction between foreign investment and local bureaucratic competition and the relevant path dependencies. In praising Chen's fine-grained analysis, one can identify two additional factors that may consolidate or undermine her findings. First, the book discusses the rise of a new paradigm of domestic upgrading led by the central state, but does not consider if, under certain circumstances, the central government is willing to directly intervene at the local level to support this new development strategy. Research has shown that in some industries—especially those identified as strategically important, the central state's regulation has remained influential

such that industrial policies from Beijing have direct impact on enterprises.¹ This could be also happen in some manufacturing industries and even for some technologies in the electronics sector covered by the book. Hence, a related alternative hypothesis is that localities like Shenzhen were chosen by the central government as hubs of indigenous innovation. Even if they were not chosen in the first place, their initial rise may attract more support from the top and accordingly reinforce their position as a champion of domestic upgrading. It is thus worth further examining the central government's responses to uneven success of domestic upgrading and how they may affect preexisting policy outcomes.

Second, by focusing on the interests and strategies of local bureaucrats, Chen seems to pay less attention to the agency of foreign investors. In addition to preferences of local governments, other factors may also play important roles in the choices of foreign investors. Large MNCs may prefer to invest in Jiangsu simply due to its better industrial base and human resources while guerilla investors flourish in Guangdong thanks to family ties. Accordingly, subsequent interactions between foreign investors and local bureaucrats may be more complex than is showed in the book. In other words, the preferences of local bureaucrats may not be predetermined but gradually formed and strengthened by learning processes like their interaction with civil society groups as discovered by Jessica Teets.² To further examine such processes, we need to draw more on insights from of businesses – micro-level research along this line can also strengthen the argument on the path dependence of local capitalism in Chapter 6.

Manipulating Globalization provides an important update on local political economy in contemporary China and therefore is a must read for students of Chinese politics and comparative political economy. Despite focusing on the era of Hu-Wen, the insights generated by the book may still have important implications in coming decades. Given Xi Jinping's recentralization policy, this study may trigger a new line of literature interrogating the tensions between the long tradition of local capitalism and an increasingly strong central state in China's economic policymaking.

References

¹ Hsueh, R. (2011). *China's Regulatory State: A New Strategy for Globalization*. Ithaca: Cornell University Press.

² Teets, J. C. (2014). *Civil Society under Authoritarianism: The China Model*. New York: Cambridge University Press.